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CENTRAL INTELLIGENCE AGENCY

INTRODUCTORY STATEMENT

This budget presentation is based upon a carefully considered concept of the responsibilities charged to the Central Intelligence Agency in relation to the farsighted and vigorous steps which the United States Government must take because of a threatening world situation in which this country is in open hostilities with a force which gives promise of further aggression. In this connection Section 102 subsection (2) of the National Security Act of 1947 (Public Law 253, 80th Congress) presents the basic functions and activities of the Central Intelligence Agency as follows:

"For the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security, it shall be the duty of the Agency, under the direction of the National Security Council - -

"(1) to advise the National Security Council in matters concerning such intelligence activities of the Government departments and agencies as relate to national security;

"(2) to make recommendations to the National Security Council for the coordination of such intelligence activities of the departments and agencies of the Government as relate to the national security;

"(3) to correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using where appropriate existing agencies and facilities; provided, that the Agency shall have no police, subpoena, law-enforcement powers, or internal-security functions; provided further, that the departments and other agencies of the Government shall continue to collect, evaluate, correlate, and disseminate departmental intelligence: And provided further, that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure;

"(4) to perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally;

"(5) to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct."

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On 20 June 1949 the enactment of Public Law 110 (81st Congress) provided the Central Intelligence Agency budgetary and financial stability as well as certain unusual powers for the prosecution of its most urgent mission. This legislation prescribed for the Agency special authorities and limitations with regard to procurement; education and training of employees; travel, allowance, and related expenses; handling of funds; and certain other purposes. Necessary legal and fiscal coverage for obligations and expenditures applicable to both overt and covert activities was included in the language of Section 10 of the Act, which is now being used by the Agency's budget and finance officers as a basis for establishing valid obligations and certifying payment documents. Section 10 reads as follows:

"(a) Notwithstanding any other provisions of law, sums made available to the Agency by appropriation or otherwise may be expended for purposes necessary to carry out its functions, including --

"(1) personal services, including personal services without regard to limitations on types of persons to be employed, and rent at the seat of government and elsewhere; health-service program as authorized by law (5 U.S.C. 150); rental of news-reporting services; purchase or rental and operation of photographic, reproduction, cryptographic, duplication and printing machines, equipment and devices, and radio-receiving and radio-sending equipment and devices, including telegraph and teletype equipment; purchase, maintenance, operation, repair, and hire of passenger motor vehicles, and aircraft, and vessels of all kinds; subject to policies established by the Director, transportation of officers and employees of the Agency in Government-owned automotive equipment between their domiciles and places of employment, where such personnel are engaged in work which makes such transportation necessary, and transportation in such equipment, to and from school of children of Agency personnel who have quarters for themselves and their families at isolated stations outside the continental United States where adequate public or private transportation is not available; printing and binding; purchase, maintenance and cleaning of firearms, including purchase, storage, and maintenance of ammunition; subject to policies established by the Director, expenses of travel in connection with, and expenses incident to attendance at meetings of professional, technical, scientific, and other similar organizations when such attendance would be a benefit in the conduct of the work of the Agency; association and library dues; payment of premiums or costs of surety bonds for officers or employees without regard to the provisions of

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61 Stat. 646; 6 U.S.C. 14; payment of claims pursuant to 28 U.S.C.; acquisition of necessary land and the clearing of such land; construction of buildings and facilities without regard to 36 Stat. 699; 40 U.S.C. 259, 267; repair, rental, operation, and maintenance of buildings, utilities, facilities, and appurtenances; and

"(2) supplies, equipment, and personnel and contractual services otherwise authorized by law and regulations, when approved by the Director.

"(b) The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the certificate of the Director and every such certificate shall be deemed a sufficient voucher for the amount therein certified."

The National Security Act of 1947 as well as subsequent National Security Council Directives have reflected the intention that the Central Intelligence Agency, rather than replacing all existing governmental intelligence activities and research facilities, should serve as a strong coordinating force for the most effective and efficient operation of the government's intelligence machinery. To maintain the relationship essential for coordination between the Central Intelligence Agency and the intelligence organizations of other departments and agencies, the National Security Council early established an Intelligence Advisory Committee composed of chiefs from the Departments of State, Army, Navy and Air Force, and representation from the Joint Chiefs of Staff. The Intelligence Advisory Committee meets regularly to consider matters of common concern and to advise the Director of Central Intelligence. In the interest of a coordinated and valid product, the National Security Council has required that intelligence prepared for dissemination by CIA be coordinated with IAC agencies for their concurrence or comment before release. Liaison within the intelligence family is further strengthened by the "detail" of certain intelligence specialists of the IAC agencies to the Central Intelligence Agency for actual participation within selected intelligence producing activities. It is also essential for coordination purposes that various of the intelligence producing components within CIA work directly with their counterparts in the IAC agencies, and arrangements have been made to accomplish this end. In order that government intelligence facilities may be consistent in essential objectives, the IAC agency best equipped to provide directional planning in a given field has been assigned such responsibility by the National Security Council. Such delegations may result in an IAC agency other than CIA having an immediate and continuing directional effect upon the operations of a CIA organizational segment. The Office of Policy Coordination, for example, receives direct policy guidance from the Departments of State and Defense. Part of the financial responsibility which must be borne by the Agency is a reflection of certain types of joint operations carried out in close collaboration with IAC agencies.

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The substantial revisions in program and financial planning which is reflected in this document are a result of the most careful study and development by the National Security Council, the various IAC agencies, and responsible key officials within the Central Intelligence Agency. In this connection, it is desired to outline some of the more important considerations affecting the present national emergency which has necessitated intensified budgetary planning.

The recent outbreak of hostilities in Korea has made it necessary for the agency to intensify its estimates of Soviet intentions around the entire periphery of the Soviet orbit. In addition to the normal surveillance of indications of Soviet preparations for its own military effort, each and every situation in the Far East as well as Eastern and Western Europe, must now be examined continuously and analyzed systematically with a view toward detecting the capabilities, preparations and intentions of Soviet Satellites to engage in operations similar to the North Korean aggression. An increasing effort must be applied to specific indications of Soviet intentions either to employ their own military forces or to incur increasing risks of direct military action against United Nations forces by manipulation of other dominated peoples. In addition to intensifying its surveillance of the Soviet orbit, the Agency must concomitantly address itself with equal attention to the non-Soviet political, economic, psychological, and military pressures. The Agency must estimate the potential of such countries to support the United States in achieving its objectives in the continuing cold war with the USSR and the contingency of the cold war developing into open warfare. Further, the Agency must provide continuous intelligence appraisals of U. S. objectives, commitments and risks in support of the established policies of the United States toward the non-Soviet countries with regard to military aid, economic assistance, the Point Four Program and other measures designed to strengthen the capabilities of such countries against Soviet aggression. In accomplishing the foregoing, the Agency must intensify its collection, source exploitation and intelligence production activities. It will also be necessary for the Agency to accept the responsibility for strengthening the entire governmental intelligence structure with a view toward achieving a fully integrated United States intelligence effort in objective support of policy planning, strategic planning, and operational decisions which are of such critical importance at this time. To this end CIA must ensure that its own intelligence production effort and that of the departmental intelligence agencies are continuously oriented toward current and long-range requirements of the national security interests and objectives; the intelligence collection and source exploitation of all U. S. intelligence agencies effectively meets the requirements and priorities of the intelligence production effort; all categories of intelligence requirements bearing on the national security are specifically identified and defined; responsibilities for collection and production action are appropriately allocated throughout the governmental intelligence structure; and, finally, that the relationship between the governmental intelligence effort and the policy planning and operational levels of the government are strengthened in order that the intelligence process is effectively and continuously brought to bear at such levels.

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The primary commission of the Agency in view of the present emergency must be to enlarge and extend those of its several activities which most perfectly complement action which the United States Government is taking in the interest of national defense. The gravest threat to the security of the United States within the foreseeable future stems from the hostile designs and formidable power of the USSR and from the nature of the Soviet system. The Agency is inevitably a participant, and particularly so with regard to its overseas activities, of various measures which must be taken to disrupt Soviet Satellite relationship and bring about the gradual reduction and elimination of preponderant Soviet power and influence from Eastern Europe. In this connection, the invasion of South Korea and subsequent events have created a situation which is critical to the extent of emphasizing the need for substantially implementing certain types of covert activities in key foreign areas. Specifically, there must be a greater intensification of effort along the periphery of the Soviet Empire with principal focus in the Far East. These situations have imposed unexpected additional obligations upon the Agency, particularly so with regard to the financial responsibility which must be borne by CIA in connection with certain types of joint operations. From experience gained since the last war and particularly in view of the current situation in Korea, it is obvious that the USSR neither intends nor desires to cooperate in establishing harmonious world conditions. Faced by this situation, this country must answer the aggressor with the fullest means at the disposal of a balanced intelligence effort, and is forced to adopt, effect, and maintain such machinery as will be necessary to assure strength in all departments of its mission throughout this critical period. The basic assumptions upon which the 1951 budget requirements were predicated, accordingly, have changed considerably since submission. The need for placing greater emphasis upon certain programs and areas has become apparent, as well as to telescope into a relatively short period carefully prepared plans affecting various parts of the world which were intended to extend over a much longer period. At the time the 1951 budget was submitted, it was not considered necessary to activate certain projects and activities until subsequent fiscal years. Accordingly, there is now an immediate need for greatly expanded requirements in personnel, services, and materials to some extent affecting departmental activities, but mainly for such foreign activities as will be essential to properly implement NSC directives and various joint operations as requested by the Departments of State and Defense. These considerations have had such a profound effect upon the present operating budget and planning status of the Agency as to result in the necessity for additional funds for fiscal year 1951. Accordingly, the Director, in his communication dated 25 August, presented a request to the Bureau of the Budget for certain supplemental requirements for the current fiscal year. The supplemental request is explained and justified on the basis of plans which must be immediately implemented affecting areas of the world of present strategic importance to the United States. In the preparation of the supplemental estimate consideration was given to the strengthening of machinery at home for personnel recruitment, logistic support, and for certain support operating elements; developing, despite considerable cost, new and highly complex processes for broader and more effective digestion of certain types of valuable source material; improving training facilities for personnel which cannot be recruited directly; implementing certain security measures of

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substantial implication to the revised program; establishing, stockpiling, and operating on an expanded basis overseas operational supply bases and communications facilities for the necessary support of foreign covert operations; and enlarging the complex requirements of the various covert operations at home and abroad for which there exists the greatest urgency for prompt and substantial expansion. These considerations are reflected in the adjustments set forth in the 1951 fiscal year supplemental request as being most essential to sustain the increased needs for intelligence efforts. Economies are shown wherever such action can be taken without prejudice to present objectives.

The budgetary preparation which follows presents scheduling of funds for fiscal year 1951 within the overall amount which was originally submitted to the Congress last year. If funds contained in the submitted supplemental appropriation request are not made available, the Agency will be unable to properly comply with NSC directives and recommendations of the IAC agencies and the intelligence component of the government will not be geared to the overall requirements of the defense effort. Program activities and financial requirements contained in this document for fiscal year 1952 are based on the assumption that the pending supplemental action will be approved.

Comparisons made between the two fiscal years are based upon the deviation of fiscal year 1952 estimates from the 1951 supplemental amounts. If none of the supplemental request is approved the Agency will allocate the funds made available in accordance with the plan of distribution as set forth in Exhibit "Revised Estimated Budget Requirements Based on the Amount Approved by Congress."

The most careful thought has been applied to preparation of the budget year estimates in order that they may be sound and reasonable, despite the existence of a number of variables which affect current requirements and others of the immediate future. It is desired to point out some of the most pertinent factors of a special nature affecting the operation of the Agency which must enter into considerations of any presented work plan. The majority of such factors are so highly individual to this Agency as to invalidate comparisons in any respect with those of other government agencies. The broad functions assigned to CIA by the National Security Act of 1947 are under the general supervision of the National Security Council which may at its discretion direct the Agency to perform "such additional service of common concern as can be more efficiently accomplished centrally", and "perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct." CIA's future may be influenced by further directives covering programs or projects to be exclusively performed by it. The assignment of new functions normally spring from changes in world conditions which have a direct bearing upon world security. Since these budget requirements are being prepared during a situation of world crisis in which the security of this country is directly involved, the possibility of unanticipated further requirements upon the Agency of inexact but potentially great cost, cannot be discounted. However, there has been presented in this submission requirements for basic realizable factors so that the Agency will be in readiness with leadership and support elements if new tasks are suddenly placed upon it.

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A particularly difficult problem which will affect present and future estimates has to do with personnel. The various intelligence functions constitute coverage of a significant body of knowledge requiring specialized techniques and philosophy, and substantial number of personnel. There have been and may continue to be serious manpower limitations because of difficulty of inducing physically, intellectually, and psychologically qualified American personnel to abandon their present activities and enlist in this work. The location of eligibles for required specialist tasks requires a great deal of searching over broad areas. Security considerations constitute another barrier to convenient and economical recruitment of all categories of personnel. Not only must some personnel be recruited under a degree of cover, but after acceptance there must ensue a waiting period for security investigation before employment can be effected which may not only serve to handicap an operation, but in many cases individuals otherwise eligible, cannot for various reasons, wait for final acceptance. Whenever possible, after a preliminary security check, operations personnel in specific cases are given temporary appointments and placed in training. However, because of the sensitive nature of the work there can be no compromise with the expensive and time-consuming security processes required prior to permanent employment. Accordingly, this Agency's expense for personnel functions and for related security clearances will continue to remain heavy until the Agency is fully staffed. Provisions are also included for an expanded training program for operations personnel. Since it is undesirable to accept certain required personnel with valid background in some specific areas, or who have family connections in certain countries, and in other cases because of recruiting difficulties for highly specialized tasks, an effort must be made to train otherwise acceptable personnel. Another characteristic of the present status of Agency progress affects the necessity for major logistic provisions. It is necessary to establish and maintain overseas operating and supply bases involving vast water borders and national areas. The future operating strength of such bases must be protected by stockpiling of various equipment and supply items.

Estimates for personal services are based on existing tables of organization together with anticipated needs for fiscal year 1952. Personnel strength requirements reflected in tables of organization are established through surveys in which relative importance of a given operation to the Agency mission, work volume, operational efficiency, space allocations and other related factors are carefully evaluated. Generally, the computation of average employment and funds required is based on the assumption that all positions within the current table of organization will be filled by the end of fiscal year 1951, and the problem for fiscal year 1952 will be one of recruiting occasioned by personnel turnover and additional positions requested in budget estimates for that year. Gross requirements are originally contemplated upon rates of pay under positions in the current table of organization and proposed revisions at actual salary including the appropriate within-grade step for those now employed at grades shown on the T/O; at the base of the T/O grade for those employed at a grade below the T/O grade; and at the T/O grade base for vacancies. Included in the gross amounts are the annual increments of within-grade salary advancements which will fall due during the fiscal year and will be effective for more than six months. Because of Agency policy to employ new personnel

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at grades lower than those which properly apply to the positions filled, the current status of position occupancy of such assignments has been used. In these cases gross amounts have been developed on the basis that "adjustments to actual grade of position" will be effected some time during fiscal year 1951.

In the computation of net OI requirements, lapses were applied for turnover in filled positions, delays in the filling of vacant positions, lag in effecting "adjustments to actual grade of position"; non-effective period of within-grade salary advancements, and terminal leave payments. Adjustments also were made for savings in within-grade salary advancements resulting from turnover. A lapse of 4.2% was used for turnover in filled positions. This factor was developed from experience of the past year during which separations amounted to 19.2% and the time required to fill vacated positions averaged 80 days or 21.9%. The multiplication of these two factors produces the lapse of 4.2%. Vacant positions were separated into three groups representing the different phases of filling vacancies, and a separate lapse was applied for each group. The normal lapse of 4.2% was applied to the "pending EOD" group. In connection with the group of positions, for which prospective employees are awaiting security clearance, a lapse of 10.9% was taken which represents an average of 40 days clearance time among a group which are in varying stages of the clearance. A 50% lapse was applied for vacancies which are in neither of the two phases referred to above. Lag in raising the grade of an employee to the grade of the position is estimated to be 50% during 1951. Since the estimates are based on the expectation that these grade adjustments will be completed by the end of fiscal year 1951, only the normal lapse of 4.2% was applied to increased grade costs for fiscal year 1952. Gross amounts for within-grade salary advancements were lapsed down to the net requirement as determined by the method specified in instructions issued by the Bureau of the Budget.

Lapses in employment and in money are not in direct relationship in all cases owing to the inclusion in the money lapse of such factors as lag in effecting "adjustments to actual grade or position," and turnover savings for within-grade salary advancements which in no way are reflected in employment lapse. It will be noted in certain cases that increased fund requirements for personal services are disproportionate to increases in average employment. This results primarily from the requirement that adjustments to actual grade of position which were lapsed 50% in fiscal year 1951, be paid for the full year in 1952 and increased cost due to within-grade advancements. Estimates for overtime have been based upon experience records over the last few pay periods of fiscal year 1950.

NSC directives in many cases spring from changes in world conditions. Some of these requirements are of such nature that their financial needs cannot be exactly calculated. Accordingly, for these operations known factors are exactly computed, whereas for the more difficult segments of the operations, requirements are predicated upon carefully evaluated alternatives in the light of the realities of our present situation.

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The sections located under the tabs describe the programs undertaken in each of the major segments of the Agency. The nature of the work is such that it cannot always be reduced to units of work measurement or objective criteria, but an effort is made to thoroughly discuss, indicate recent performance, and future objectives for all Agency components.

LEGISLATIVE PROGRAM

Since enactment of Public Law 110 on 20 June 1949, operating experience of the Agency has proved the Act to be generally sufficient for administrative requirements. An amendment to section 9 of the Act was accomplished by Public Law 697, 81st Congress, approved 16 August 1950, which established the Director's authority for fixing the compensation of three positions in the scientific field within a differential ranging from \$13,100 to \$15,000 per year, whereas the previous differential authority was \$10,000 to \$15,000 per year. In a few particulars, for the most part minor in character, the Act may justify revision to clarify some provisions and support certain requirements which were not originally anticipated. For this reasons the Act is presently under study and it is possible that some amendatory legislation will be proposed during the first session of the 82nd Congress.

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STATEMENT OF MANAGEMENT IMPROVEMENT ACTIVITIES

I. Operation of the Management Improvement Plan.

A. The Management Improvement Program presented with the Agency budget presentation for Fiscal Year 1951 continues as the basic plan for management improvement activities. Under the direction of the Executive improvements in operations are effected through the coordinated effort of the Coordination, Operations and Policy Staff and the Management Staff, working in close relationship with the Budget Officer, the Chief, Inspection and Security Staff, and operating officials. Each Agency official has been charged with effective implementation of the Management Improvement Program within his sphere of responsibility. Specific problems are identified and action initiated in accordance with Agency policies. Priorities vary with the changing world situation.

B. Many of the major problems inherent in the Agency Management Improvement Program are inter-departmental in character and require interdepartmental agreements or directive action by the National Security Council. Where possible, intra-Agency action is taken. Interdepartmental agreements are sought for problems not capable of internal solution. When such agreements cannot be reasonably obtained, further action is recommended to the National Security Council. The CIA responsibility for coordination has been difficult of accomplishment because it has not carried with it the authority for directing action.

II. Schedules of Management Improvement Action.

A. General Statement

1. It is anticipated that plans developed during Fiscal Year 1950 will be implemented and further organizational adjustments made in Fiscal Years 1951 and 1952 to carry out the program which was directed at the realignment of Agency functions toward accomplishment of the following objectives:

- a. Provision for the improved production of integrated national intelligence based on information reported from all sources.
- b. Focus intelligence effort in organization and staffing toward the most critical problems of national security.
- c. Improvement in coordination, both interdepartmental and intra-Agency.

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d. Integration of like functions in single operational units to obtain increased overall efficiency and improved production.

2. Improvements have been made in the methodology employed in the collection of intelligence materials and the production of intelligence. During the Fiscal Year 1950, the application of "content analysis" to intelligence interpretation and estimation has been explored by CIA in conjunction with the Rand Corporation. Special research and development projects to provide new means and methods for the covert collection of information have been initiated. During the Fiscal Years 1951 and 1952, it is anticipated that the techniques of "content analysis" will be applied in specialized fields, particularly regarding Soviet intentions. Research into new means and methods for improvement of collection activities will be continued.

B. Substantive Matters - The items set forth below follow the program pattern in the budget presentation for Fiscal Year 1951.

1. Reorganization of covert activities in accordance with instructions from the National Security Council.

Action Taken:

Covert support activities were reorganized to facilitate proposed action. Further action has been indefinitely suspended by the National Security Council.

2. Development of an integrated intelligence production program, interdepartmental in scope, including:

1. Establishment of priorities in areas and subjects.

2. More adequate allocation of responsibility between CIA and IAC agencies to prevent unnecessary duplication in either research or production.

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3. Determination of deficiencies or gaps in available intelligence information and the preparation of adequate requirements to correct such deficiencies.
4. Improvement of and increase in guidance for collection effort to avoid non-productive or misdirected efforts inherent generally in purely opportunistic collection action.
 - a. Action Taken:
 - (1) A revision of National Security Council Directive Number 1 allocating duties and responsibilities of the intelligence agencies has been prepared but not yet submitted to the National Security Council. The proposed revision will strengthen CIA's authority for coordination and direction of intelligence activities.
 - (2) A study of production planning concepts was completed within ORE. These planning concepts were applied in development of comprehensive production programs for certain area and functional divisions of ORE.
 - (3) Intelligence agencies have agreed to apprise CIA periodically of newly initiated intelligence projects.
 - (4) An interdepartmental Scientific Intelligence Committee and appropriate specialized sub-committees, with chairmanship allocated to CIA, were established by the Director of Central Intelligence to achieve coordination in the production of scientific intelligence.
 - (5) Permanent interdepartmental committees have been established under CIA chairmanship for programming and coordinating intelligence production in the fields of international communism, economics, and psychological intelligence. In addition, ad hoc gatherings of intelligence specialists in various area and industrial fields have been sponsored by pertinent ORE components for purpose of programming, coordinating, and exchanging intelligence and appropriate information.
 - (6) In conjunction with the Department of State External Research Program and with the Scientific Intelligence Committee, the facilities of non-intelligence governmental agencies and non-governmental institutions were utilized for conducting research and production in specific intelligence fields.

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- (7) Scientific intelligence production activities are being integrated with the Research and Development Board master plan to provide maximum intelligence support to the R.D.B.
- (8) Responsibility and authority for coordination of scientific intelligence by CIA was further centralized by transfer of coordination responsibilities for Chapter VII (Scientific) of the National Intelligence Survey from the Department of the Army to CIA.
- (9) Through the Scientific Intelligence Committee and its functional sub-committees, a master file of scientific information requirements reflecting gaps and deficiencies in available information is in process of development for critical scientific fields such as Biological Warfare.
- (10) A study has been initiated by CIA to assist the Department of State in discharging its responsibilities for collection of foreign scientific information assigned by NSCID No. 10 and to permit direction of the Department's activity toward present deficiencies and gaps by reviewing the foreign information requirements of the Defense agencies together with the organization and processing employed in the information requirement function.
- (11) Improved comprehensive field reporting guides for all areas of the world were developed by ORE regional and functional divisions to provide guidance for intelligence collection.
- (12) ORE and OSI Requirements Staffs have been physically placed adjacent to each other and procedures adjusted to permit maximum coordination of their work.

b. Action Anticipated, Fiscal Years 1951-52:

- (1) Existing National Security Council Intelligence Directives and Director of Central Intelligence Directives will be reviewed and to the extent required recommendations will be made for their improvement in the light of current requirements in the over-all intelligence field.
- (2) Continued action will be directed toward improved comprehensive intra- and inter-agency production planning.

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- (3) Procedures will be adjusted to speed up the coordination and review phases of intelligence production, thereby providing more timely estimates.
- (4) The facilities of non-intelligence agencies of the Federal Government and non-governmental institutions will be more fully utilized to support the intelligence effort.
- (5) The collection requirement formulation processes will be further simplified and coordinated to provide more effective and expeditious guidance for collection activities.

3. Further improvement of collection action by:

- 1. Determining any unnecessary duplication of collection responsibilities in the intelligence field, and taking steps to eliminate those found.
- 2. Strengthening liaison control procedures.
- 3. Readjusting the scope of collection facilities to provide more effectiveness in meeting collection requirements.
- 4. Increasing the speed of collection to meet production priorities.
- 5. Improving coordination of field effort, particularly in overt foreign posts.
- 6. Developing machine methods and techniques for recording, reproduction and dissemination of unevaluated information and intelligence.
- 7. Developing improved methods for assessing the value and effectiveness of collection facilities.

a. Action Taken:

- (1) Responsibility for coordination of governmental activities in the collection of information from defectors has been assigned to CIA by NSCIDs No. 13 and No. 14. This action strengthens collection action and eliminates duplications.

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- (2) Some increase in the flow of foreign scientific intelligence information has resulted from the activation of a CIA scientific intelligence team attached to the office of the High Commissioner for Germany.
- (3) Plans, policies and procedures have been implemented for collection of information by procurement and analysis of Soviet materials.
- (4) Procedures have been established for receipt by CIA of additional operational information from existing sources which has intelligence significance, e.g., ECA cables.
- (5) Through a map exchange program maps of critical areas are being collected from foreign countries.
- (6) The FBID monitoring coverage by the previously established Bureaus was reorganized to meet changing information requirements and provide better service without increased staff or facilities. A monitoring operation covering Vienna and Salzburg, Austria, needed to fill a serious gap in overt reporting was initiated. The file of monitored material from Cyprus to London was increased 300 per cent at no additional cost to CIA through conclusion of a communications arrangement with another government.
- (7) An "intellofax" system, which provides rapid service on reference materials through combined IBM and facsimile machine processes, was installed.
- (8) Experimentation has been initiated to determine if newly-developed mechanical and electronic equipment can be utilized to improve the documentation and reference requirements.

b. Action Anticipated, Fiscal Years 1951-52:

- (1) Coordination of collection through defectors, peripheral reporting, overt scientific information services in Germany, and acquisition of Soviet materials will be further implemented and procedures developed to ensure increased coverage without unnecessary duplication of effort.

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- (2) Efforts to identify and to channel into CIA all information of intelligence significance will continue, e.g., surveys of materials received from abroad and held in non-intelligence agencies of the government will be conducted.
 - (3) The activities of the Federal Government relating to the collection and utilization of foreign economic data will be surveyed and analyzed in accordance with specifications set forth in NSC assignment 282.
 - (4) The further utilization of machine-support in the collection and referencing of intelligence materials will continue to be explored and applied if found feasible.
 - (5) Present efforts to follow-up on collection failures and weaknesses with appropriate collection agencies will be intensified.
4. Constant re-evaluation of dissemination action to:
- 1. Ensure that all who need to know, and only those, receive unevaluated information and intelligence.
 - 2. Determine the feasibility and capability of increasing the scope and effectiveness of dissemination.
 - 3. Increase the speed of dissemination.
 - a. Action Taken:
 - (1) Valuable intelligence materials received in limited copies by one intelligence agency have been made available to other interested agencies through CIA assistance in providing extra copies through use of microfilm or other media, e.g., Air Force reports from Germany.
 - (2) Responsibility for Agency dissemination policy has been exclusively assigned to one Agency official, thus enhancing objectives of full coverage for those who need to know and elimination of duplicate or unnecessary dissemination of Agency materials.

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(3) CIA internal procedures for dissemination and distribution have been studied and a procedure developed which will permit speedier dissemination.

b. Action Anticipated, Fiscal Years 1951-52:

(1) The plan for simplifying internal dissemination procedures is being installed and will be constantly surveyed.

(2) A study will be initiated to determine if more discriminative reading at the time materials are received into the Agency will reduce the time and effort expended by production analysts in reviewing marginal materials without impairment to their analysis through absence of such materials.

(3) Efforts will be continued to restrict materials entering the dissemination pipeline to those needed for intelligence purposes, thereby somewhat reducing the volume of data received daily which must be handled and controlled at all distribution and sub-distribution points.

5. Continuing study of possibilities for increasing centralization of intelligence services in CIA, and elimination of similar functions in the IAC agencies.

a. Action Taken:

(1) Studies are in process to determine the need for National Security Council Intelligence Directives defining the "common concern" responsibilities of CIA for:

- (a) Industrial reference service.
- (b) Biographic reference service for information on non-scientific personalities.
- (c) Basic economic intelligence service on Soviet Orbit economy.
- (d) Central translation service.

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(2) A file of non-governmental contacts maintained by the Office of Naval Intelligence was transferred to the Contact Division, Office of Operations, thereby eliminating duplication of similar files maintained by CIA for "common concern" purposes.

(3) Internal organizational and procedural improvements have been effected to provide better service on activities maintained for "common concern" purposes. CIA activities so affected are the Office of Special Operations, the Office of Operations, the Register and Library Divisions of the Office of Collection and Dissemination, and the Map Division of the Office of Reports and Estimates. The adequate servicing of requests by these components of CIA has resulted in elimination of duplicate activities in other intelligence agencies.

b. Action Anticipated, Fiscal Years 1951-52:

(1) Renewed efforts will be made to eliminate the maintenance of Industrial Card Files in the other intelligence agencies which duplicate files maintained in CIA as a "common concern" service.

(2) Continued study will be given: (a) to increasing centralized service in CIA when it can best be performed centrally; and, (b) to negotiating with the agencies represented on the IAC for discontinuance by them of services being performed centrally in the Central Intelligence Agency.

c. Administrative Matters

1. Survey of reproduction needs and facilities.

a. Action Taken:

(1) Arrangements were made with GPO to print NIS material on a priority schedule geared to CIA needs.

(2) The GPO was provided with space for installation of additional machines for more expeditious processing of work.

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- (3) The type of paper used and the collating process of National Intelligence Surveys were changed which resulted in substantial savings.
- (4) The number of copies of NIS furnished to authorized recipients was reduced by 41 per cent.
- (5) A private firm was stimulated by CIA to develop the Thermo-Fax machine which provides a fast and inexpensive method of single page reproduction.

b. Action Anticipated, Fiscal Years 1951-52:

- (1) A study will be made of the media used for presentation of intelligence to provide minimum essential publications and minimum necessary distribution lists.

2. Budget planning and execution.

a. Action Taken:

- (1) There was developed and implemented a budget preparation and execution program which placed emphasis upon performance in relation to approved work plans and financial requirements. An important step in applying the concept of performance budgeting was the initiation of a system of quarterly analyses of funds by recurrent surveys and the effecting of adjustments to accord with revised requirements of approved activities.
- (2) A tabulating card system for position control on a man-year basis was installed and the present state of development of these records based on the IBM processing permitted the preparation of certain personal services data for the present budget submission. Other desired results of this new method will not be realized until further experience has been gained.

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(3) Surveys and analyses were conducted for the purpose of improving procedures and records used for the management of unvouchered funds and resulted in the establishment of a more effective method of internal control and reporting processes with particular emphasis on adaption to a conventional obligation system thereby providing more complete information regarding the Agency financial commitments and strengthening the financial management of unvouchered funds.

(4) Agreements were executed with the Departments of State and Defense as to methods and details concerning the secure transfer of funds to those departments in connection with covert activities where it was essential to find some means of providing funds under existing Government procedures without revealing that CIA was the source of funds or was an interested party in any of the projects or activities involved.

(5) The format plan for presenting the Agency budget estimates was revised to permit a more faithful reflection of requirements from a performance standpoint and also to permit expression of Agency requirements, primarily in narrative form, so that convenient and clear demonstration was secured with respect to each activity function, manner of operation, accomplishments and objectives.

b. Action Anticipated, Fiscal Years 1951-52:

(1) Plans will be made to conduct, arrange for and develop, in conjunction with appropriate officials, improved systems of making funds available to other government establishments and receiving funds by CIA in a secure manner through the process of providing other government officials with information as to procedures and methods which can be securely used based on the budgetary and financial experiences of the Agency.

(2) Surveys will be made in view of the changing techniques occasioned by new methods of operations resulting from world conditions to assure that adequate controls, methods and procedures will continue to be used in connection with the management of unvouchered funds. This will include the improvement of liaison control in coordination with applicable operating officials with respect to approved projects necessary for covert activities.

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(3) Increased use of IBM processes and systems as related to budgetary requirements will be made wherever possible based on further study and analyses of possible utilization factors.

(4) Further steps will be initiated in the direction of providing a better basis for insuring that the Director and other appropriate Agency officials will be properly protected and informed and that unvouchered funds will not be used unnecessarily in those instances where vouchered funds can accomplish the same purpose in a secure manner. Continued additional surveys will be required because of intensified operational efforts.

3. Utilization of machine methods.

a. Action Taken:

- (1) Personnel accounting was transferred to tabulating machine procedures.
- (2) Substantive program improvements are included in Section IIB of this report.

b. Action Anticipated, Fiscal Years 1951-52:

- (1) Plans developed are in process of implementation for transfer of supply and payroll accounting to tabulating machine procedures.

4. Standardization of office equipment and supplies.

a. Action Taken:

- (1) An agency schedule for procurement and supplying office equipment such as desk chairs, machines, etc. has been established for administrative levels in the Agency. In sensitive areas of the Agency uniform filing equipment has been installed to eliminate security hazards.

b. Action Anticipated, Fiscal Years 1951-52:

- (1) Standardization of file folders, cards and related items is in process.

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5. Forms Control Program.

a. Action Taken:

(1) 145 Agency blank forms were rejected or eliminated during Fiscal Year 1950. The number of approved forms at the beginning of Fiscal Year 1950 was 541 compared with 609 approved forms at the close of the Fiscal Year. This increase is due to the increased Agency operations which require the use of additional forms.

b. Action Anticipated, Fiscal Years 1951-52:

(1) Review of the utilization and format of all Agency forms will be continuous.

(2) A combined Standard Form 57 and Personal History Statement for Agency use will be prepared.

6. Identification and reduction of backlogs.

a. Action Taken:

(1) Revised tables of organization to provide proper staffing were issued where necessary.

(2) More than one-half of the backlog of indexing documents received from the field has been eliminated during the past year through the installation of a document batch control procedure.

(3) The backlog in exploiting captured German documents by the Foreign Documents Division has in the last year been materially reduced.

b. Action Anticipated, Fiscal Years 1951-52:

(1) A continued review of operations will be made to prevent backlogs before they develop and examine proposed organizational or functional changes to assure that backlogs will not be created.

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7. Records Management Program.

a. Action Taken:

- (1) A comprehensive records management program for the Agency was developed.
- (2) A vital documents program was developed providing for safe storage of such documents.

b. Action Anticipated, Fiscal Years 1951-52:

- (1) Implementation of the records management program including publication of retention and disposition tables will be accomplished.
- (2) Plans will be implemented for ensuring the preservation of vital records on a current basis and subsequent utilization in event of a catastrophe.

8. Employee Career Management Program.

a. Action Taken:

- (1) Qualifications of all employees were indexed by punched card method.
- (2) Roster of key personnel was prepared.

b. Action Anticipated, Fiscal Years 1951-52:

- (1) Development and implementation of program will be continued.

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9. Distribution of administrative and intelligence material.
 - a. Action Taken:
 - (1) Batch control procedure for more rapid distribution of material was established.
 - b. Action Anticipated, Fiscal Years 1951-52:
 - (1) Elimination of certain information control procedures to speed distribution will be accomplished.
10. Employee Orientation Program.
 - a. Action Taken:
 - (1) A detailed orientation program for new employees for grade GS-5 and below was established.
 - b. Action Anticipated, Fiscal Years 1951-52:
 - (1) An expanded orientation program to include all present and future employees of the Agency is being planned.
11. Training Program.

All Agency covert training was combined into one division with resultant increase in efficiency.